



Economic Impact Analysis Virginia Department of Planning and Budget

23 VAC 10-380 – Set-Off Debt Collection Act Regulations
Department of Taxation
August 11, 2006

Summary of the Proposed Amendments to Regulation

The Department of Taxation (department) proposes to repeal these regulations in their entirety.

Result of Analysis

The benefits likely exceed the costs for one or more proposed changes.

Estimated Economic Impact

The Set-Off Debt Collection Act Regulations address the Set-Off Collection Act (§ 58.1-520 et seq. of the Code of Virginia). Section 10 (Purpose), as described by its title, describes the purpose of the Set-Off Debt Collection Act (Act). In doing so it enlightens the reader concerning the meaning of set-off debt collection. The Act does not define set-off debt collection. Thus, Section 10 is illuminating. Nevertheless, similar information can be obtained from the department's "Set-Off Program Information Guide" which is available on the department's website.¹ Therefore, repealing Section 50 will most likely not have a significant impact.

Section 20 (Definitions) provides definitions for terms within these regulations. Since the department proposes to repeal these regulations in their entirety, there would be no value in retaining definitions. Thus, repealing Section 20 will have no impact.

Sections 30 (Confirmation of participation), 60 (Transmission of debt file and priority of claims), and 120 (Final determination; set-off) repeat information included in Code Sections § 58.1-521, § 58.1-530, and § 58.1-528, respectively, plus include text concerning what

information other governmental agencies should provide to the department and when. The department states that it provides such text in instructions it sends to other agencies concerning the set-off debt collection process. To the extent that the department is consistent with such information, the proposal to repeal Sections 30, 60, and 120 should not have a significant effect.

Section 40 (Pertinent law sections) merely states that staff of participating agencies should be familiar with the Act and the State Compliance Assurance Manual. Repealing this language will have no significant impact.

Section 50 (Administrative costs) is repetitive of Code Section § 58.1-531 and includes some language that adds no requirement that does not exist elsewhere. Thus, repealing Section 50 would have no significant impact.

Sections 70 (Error list), 80 (Refund match to claimant's claim), 90 (Requirements for claimants) and 140 (Summary of forms and printouts) all provide text concerning what information other governmental agencies should provide to the department and when. The department states that it provides such text in instructions it sends to other agencies concerning the set-off debt collection process. To the extent that the department is consistent with such information, the proposal to repeal Sections 70, 80, 90, and 140 should not have a significant effect.

Section 100 (Hearing procedures) repeats information in Code Section § 58.1-526, while Section 130 (Critical dates to remember) repeats information already stated in Code Sections § 58.1-525 and § 58.1-528. Repealing these sections will not have a significant impact.

Section 110 (Appeals from hearings) is for the most part identical to Code Section § 58.1-527. In one aspect Section 110 conflicts with the Code. The Code states that debtors may secure judicial review of a hearing result if they act within thirty days of the hearing decision becoming final. In contrast, Section 110 of these regulations states that the debtors only have ten days within which to act. When there is a conflict between the Code of Virginia and regulations, the Code of Virginia applies. Thus, eliminating this regulation section will not change the amount of time within which debtors can act to secure judicial review of hearing decisions. The repeal will be beneficial nonetheless since the current contradictory information is misleading.

¹ URL for the "Set-Off Program Information Guide:"
http://www.tax.virginia.gov/web_pdfs/SetoffProgramGuide.pdf

Section 150 (Department of Taxation procedures) lists the department's internal procedures concerning set-off debt collection process. Repealing this text will not likely have a significant impact.

Businesses and Entities Affected

The proposed repeal of these regulations will not significantly affect businesses and entities.

Localities Particularly Affected

No localities are particularly affected.

Projected Impact on Employment

The proposed repeal of these regulations will not affect employment.

Effects on the Use and Value of Private Property

The proposed repeal of these regulations will not significantly affect the use and value of private property.

Small Businesses: Costs and Other Effects

The proposed repeal of these regulations will not significantly affect small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed repeal of these regulations will not significantly affect small businesses.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small

businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.